

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 /081 W
-----100538Z 101442 /21

R 092043Z MAY 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 3394
INFO AMCONSUL MONTREAL
ALL OTHER AMCONSULS CANADA (POUCH)

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DEPT PASS TREASURY, FRB

E.O. 11652: N/A
TAGS: EFIN, CA
SUBJECT: CANADIAN DOLLAR STRONGER IN APRIL AS RESERVES
RISE

REF: (A) OTTAWA 2411, (B) OTTAWA 1394

1. SUMMARY: CANADIAN DOLLAR WAS SOMEWHAT STRONGER IN
APRIL, RISING FROM 94.5 TO 95.5 CENTS. FOREIGN EXCHANGE
MARKET WAS CONSIDERABLY CALMER THAN IN MARCH. RESERVES
ROSE 92.5 MILLION AFTER THREE MONTHS OF DECLINES. SOME
FURTHER STRENGTHENING OF THE CANADIAN DOLLAR COULD TAKE
PLACE DURING MAY. END SUMMARY.

2. THE CANADIAN DOLLAR DURING APRIL RECOVERED FROM ITS
NERVOUSNESS IN MARCH PRIOR TO ANNOUNCEMENT OF THE FEDERAL
BUDGET AT THE END OF THAT MONTH, REACHING A HIGH OF 95.58
CENTS ON APRIL 29 WHEN THE SURPRISINGLY STRONG MARCH
MERCHANDISE TRADE SURPLUS OF CAN DOLS 509 MILLION WAS
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ANNOUNCED (OTTAWA 3313). THE AVERAGE EXCHANGE RATE FOR
THE MONTH WAS 95.17 U.S. CENTS PER CANADIAN DOLLAR
(CAN DOL 1.0508 PER U.S. DOLLAR).

3. DEALERS EXPECT THE CANADIAN DOLLAR MAY CONTINUE TO
SHOW MODERATE IMPROVEMENT IN MAY. ANY SLIGHT NARROWING
OF THE DIFFERENTIAL BETWEEN U.S. AND HIGHER CANADIAN

INTEREST RATES AND INCREASING DEMAND FOR U.S. DOLLARS TO MEET RISING INTEREST PAYMENTS ON OUTSTANDING FOREIGN BORROWINGS ARE EXPECTED TO BE MORE THAN OFFSET BY CONTINUED STRONG TRADE SURPLUS AND CONVERSIONS OF OFFSHORE BORROWINGS. WOOD GUNDY, TORONTO, EXPECTS SUCH CONVERSIONS COULD EXCEED DOLS 880 MILLION DURING MAY.

4. AS THE CANADIAN DOLLAR STRENGTHENED LATE IN THE MONTH, INTERVENTION OPERATIONS BY THE BANK OF CANADA LED TO AN INCREASE OF U.S. DOLS 70 MILLION IN OFFICIAL INTERNATIONAL RESERVES. TOTAL RESERVES IN APRIL INCREASED BY U.S. DOLS 92.5 MILLION TO U.S. DOLS 5,186.6 MILLION.

5. OFFICIAL INTERNATIONAL RESERVES ON APRIL 30, 1977
(MILLIONS OF U.S. DOLLARS)

----- CHANGE SINCE 3/31/77

U.S. DOLLARS	2,772.6	70.0
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OTHER FOREIGN CURRENCIES	16.2	(0.6)
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GOLD	888.8	2.3
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SDRS	556.0	6.8
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RESERVE POSITION IN IMF	953.0	14.0
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TOTAL	5,186.6	92.5 ENDERS
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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, DOLLAR, CURRENCY STABILITY
Control Number: n/a
Copy: SINGLE
Sent Date: 09-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OTTAWA03638
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770163-0896
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770579/aaaacpwr.tel
Line Count: 99
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9c744698-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 OTTAWA 2411, 77 OTTAWA 1394
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2596324
Secure: OPEN
Status: NATIVE
Subject: CANADIAN DOLLAR STRONGER IN APRIL AS RESERVES RISE
TAGS: EFIN, CA
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/9c744698-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009